

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA : **CRIMINAL NO.** _____

v. : **DATE FILED:** _____

DAVID A. DEBLASIO : **VIOLATIONS:**
18 U.S.C. § 656 (bank embezzlement – 3 counts)
: 18 U.S.C. § 1344 (bank fraud - 1 count)
18 U.S.C. § 1343 (wire fraud - 8 counts)

INDICTMENT

COUNTS ONE THROUGH THREE

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

1. PNC Bank was a financial institution, the deposits of which were insured by the Federal Deposit Insurance Corporation, certificate #6384.

2. From in or about 1994 until on or about November 12, 2003, defendant DAVID A. DEBLASIO was a vice president and senior investment consultant for PNC Investments. PNC Investments was a subsidiary of PNC Bank. Defendant DEBLASIO worked at the Thorndale Branch, the Kennett Square Branch, the Coatesville Branch, and the Avondale Branch of PNC Bank.

3. Defendant DAVID A. DEBLASIO worked as a broker for PNC Bank customers who wanted to open PNC brokerage accounts to purchase investment products such as annuities, mutual funds, and stocks. Many of defendant DEBLASIO's PNC Bank clients were elderly or retired.

4. PNC brokerage accounts were separate from PNC Bank accounts.

However, all funds which flowed into brokerage accounts were first deposited into the PNC Investment omnibus account at PNC Bank (“the omnibus account”), which operated as a pass-through account.

5. As a broker, defendant DAVID A. DEBLASIO’s job was to advise PNC

customers about the financial benefits of investment products and manage their accounts.

Defendant DEBLASIO received funds or authorizations to transfer funds from customers who intended to purchase investments in their PNC brokerage accounts. Defendant DEBLASIO’s job was to take these funds to the bank teller to deposit these funds into the omnibus account.

Defendant DEBLASIO was responsible for allocating the funds from the omnibus account to individual customer brokerage accounts. Because PNC brokerage accounts were separate from PNC Bank accounts, PNC Bank tellers working at the branches would process funds into the omnibus account, but PNC Bank tellers did not have access to PNC brokerage account information.

6. Defendant DAVID A. DEBLASIO took advantage of a PNC customer,

known to the grand jury as “J.D.,” who defendant DEBLASIO knew could not read or write the English language. It was J.D.’s practice to go to PNC Bank’s Coatesville branch or Thorndale branch and give cash to defendant DEBLASIO for the purpose of having the funds deposited into J.D.’s PNC brokerage account. On at least three occasions, defendant DEBLASIO did not deposit the money into PNC Bank and credit J.D.’s PNC brokerage account. Instead, defendant DEBLASIO kept the money for his own personal use.

7. On or about the dates set forth below, in the Eastern District of Pennsylvania and elsewhere, defendant

DAVID A. DEBLASIO,

being connected with PNC Bank as an employee of PNC Investments, a subsidiary of PNC Bank, knowingly embezzled and willfully misapplied moneys, funds and credits intrusted to the custody and care of PNC Bank in the approximate amounts set forth below, each embezzlement constituting a separate count.

COUNT	DATE	AMOUNT
1.	May 28, 1999	\$9,000
2.	January 18, 2001	\$10,000
3.	July 30, 2002	\$26,000

All in violation of Title 18, United States Code, Section 656.

COUNT FOUR

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 6 of Count One are re-alleged here.
2. From on or about November 6, 2001 through on or about November 7, 2003, in the Eastern District of Pennsylvania and elsewhere, defendant

DAVID A. DEBLASIO

knowingly executed, and attempted to execute, a scheme to defraud PNC Bank, and to obtain monies owned by and under the custody and control of PNC Bank, by means of false and fraudulent pretenses, representations, and promises.

THE SCHEME

3. It was the plan and purpose of the scheme that defendant DAVID A. DEBLASIO obtained monies held by PNC Bank, and intended for the PNC Brokerage accounts of 20 different bank customers, by means of false and fraudulent pretenses, representations, and promises, and that he diverted these funds to his own use.

It was part of the scheme that:

4. Defendant DAVID A. DEBLASIO selected customers who were elderly, unsophisticated investors, or otherwise vulnerable persons. Defendant DEBLASIO gained their trust and confidence through his purported financial expertise and through sharing stories of his family.

5. Defendant DAVID A. DEBLASIO would receive funds, or receive authorization to transfer funds, from his PNC customers who intended to purchase investments in their PNC brokerage accounts. Instead of investing the victim customer's funds, defendant

DEBLASIO diverted the funds for his own personal use. To conceal these losses from victim bank accounts or brokerage accounts, defendant DEBLASIO diverted funds from other PNC customers to replace the losses from victim bank accounts or brokerage accounts.

6. For example, defendant DAVID A. DEBLASIO misused the accounts of six PNC customers known to the grand jury as “J.P.,” “E.S.,” “E.B.,” “J.R.,” “M.P.,” and “M.I.” to further his scheme and conceal his diversion of PNC customers’ funds.

7. On or about September 10, 2003, J.P. instructed defendant DAVID A. DEBLASIO to transfer \$5,000 from J.P.’s bank account and deposit the funds into J.P.’s brokerage account. Instead, defendant DEBLASIO withdrew \$5,000 cash and kept the money for his own personal use.

8. To conceal the loss to J.P.’s account, over the next nine weeks, defendant DAVID A. DEBLASIO executed a series of unauthorized transactions using the bank and/or brokerage accounts of E.S., E.B., J.R., M.P., and M.I.

9. On or about November 7, 2003, defendant DAVID A. DEBLASIO deposited an official check for \$10,000, ending in numbers 774 and drawn on the bank account of J.R., into the investment account of M.P. The net result of this series of transactions was a \$10,000 loss to the bank account of J.R.

10. The unauthorized transactions executed by defendant DAVID A. DEBLASIO involved funds totaling over \$217,168, with a loss of \$106,880 to PNC customers’ accounts.

All in violation of Title 18, United States Code, Section 1344.

COUNTS FIVE THROUGH TWELVE

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 2 and 3 of Count One and paragraph 6 of Count Four are re-alleged here.

2. A person known to the grand jury as “J.H.” maintained a checking account at Wachovia Bank with an account number ending in 8287 (the “Wachovia account”).

Defendant DAVID A. DEBLASIO had access to and control of the Wachovia account.

3. Defendant DAVID A. DEBLASIO maintained a checking account at Citizens Bank with an account number ending in 0564 (the “Citizens Bank account”), over which defendant DEBLASIO had sole signatory authority.

4. Defendant DAVID A. DEBLASIO maintained a rollover IRA brokerage account at Charles Schwab with an account number ending in 1431 (“DEBLASIO’s Charles Schwab Account”), over which defendant DEBLASIO had sole signatory authority.

5. In November 2003, PNC placed defendant DAVID A. DEBLASIO on administrative leave to address suspicious losses from defendant DEBLASIO’s PNC customers’ accounts. Defendant DEBLASIO then stopped working at PNC. However, he maintained contact with at least three of his former PNC customers who were elderly.

THE SCHEME

6. From on or about November 19, 2003 through on or about September 9, 2005, in the Eastern District of Pennsylvania and elsewhere, defendant

DAVID A. DEBLASIO

devised and intended to devise a scheme to defraud his former PNC customers, and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

It was part of the scheme that:

7. Defendant DAVID A. DEBLASIO, by means of false representations, induced the victim customers to turn money over to him, ostensibly to invest with defendant DEBLASIO's new brokerage business. Defendant DEBLASIO emphasized the personal trust and friendly relationship he and the customers enjoyed while he acted as their PNC broker.

8. At no time did defendant DAVID A. DEBLASIO tell his former PNC customers that he left PNC after PNC placed him on administrative leave to address allegations of misappropriation from PNC customer accounts.

9. Defendant DAVID A. DEBLASIO disparaged the current investments of the persons he solicited. Defendant DEBLASIO offered these customers steady monthly returns despite the fact that defendant DEBLASIO knew, at the time he took the money, that he was not investing the money and would not be able to pay returns.

10. While telling victim customers that the funds would be invested and available for return on demand, or were a short term business loan, defendant DAVID A. DEBLASIO drafted fraudulent promissory notes stating that the funds were a personal loan to

DEBLASIO. Defendant DEBLASIO encouraged the customers to sign the fraudulent promissory notes. These fraudulent promissory notes had 30 year, interest only, terms for customers who were over 80 years old. Defendant DEBLASIO did not describe these terms for his victims.

11. Defendant DAVID A. DEBLASIO caused the funds he received from customers to be deposited into the Wachovia checking account. Defendant DEBLASIO used the customers' funds for his own private purposes, and not to invest in securities or develop a new brokerage business, as defendant DEBLASIO had promised the customers.

12. At no time did defendant DAVID A. DEBLASIO start a new brokerage business.

13. Defendant DAVID A. DEBLASIO never told these customers that he had simply deposited their money into the Wachovia account and used it to pay his personal expenses.

14. When victims inquired about investment returns or interest payments, defendant DAVID A. DEBLASIO stalled them by saying the payments were in the mail or otherwise delayed.

15. On occasion, to prevent customers from taking legal action or contacting law enforcement, defendant DAVID A. DEBLASIO made nominal “interest” payments to them.

16. To repay certain losses from the PNC bank account victims, and to conceal the losses from the former PNC customers, defendant DAVID A. DEBLASIO took funds from yet another former PNC customer. Defendant DEBLASIO deposited those funds into his personal accounts.

THE VICTIMS AND THEIR LOSSES

Victim M.H.

17. M.H. was a PNC brokerage customer at the Kennett Square branch.

Defendant DAVID A. DEBLASIO was her investment broker at the Kennett Square branch for several years. M.H. trusted defendant DEBLASIO completely.

18. On or about November 19, 2003, DAVID DEBLASIO went to M.H.'s home. Defendant DEBLASIO encouraged M.H. to withdraw \$85,000 from her PNC Investments account and loan it to defendant DEBLASIO to assist in his new investment business.

19. At defendant DAVID A. DEBLASIO's request and in reliance on his statements, M.H. drafted a personal check to defendant DAVID A. DEBLASIO for \$85,000, drawn on M.H.'s bank account. Defendant DEBLASIO assured M.H. that he would take care of transferring funds from M.H.'s PNC brokerage account to cover the bank check. Defendant DEBLASIO assured M.H. that the loan would be for only a short period of time to start his new brokerage business.

20. During the same visit, at defendant DAVID A. DEBLASIO's request and in reliance on his statements, M.H. signed a promissory note. Defendant DEBLASIO knew that M.H. would not carefully read the terms of the promissory note, but would rely on defendant DEBLASIO's statements instead. At the time the note and the check were executed, M.H. was 86 years old.

21. Defendant DAVID A. DEBLASIO did not tell M.H. that the withdrawal from the annuity in the PNC brokerage account would result in a penalty of over \$4,000. M.H. would not have made a withdrawal if she knew there was a penalty.

22. On or about November 19, 2003, defendant DAVID A. DEBLASIO sent a fax to Glenbrook-Allstate, the holder of M.H.'s annuity, purportedly from M.H., requesting a net of \$85,000 be withdrawn from M.H.'s annuity and wired to her bank account.

23. On or about November 24, 2003, defendant DAVID A. DEBLASIO caused the \$85,000 check from M.H. to be deposited into the Wachovia account. Defendant DEBLASIO used the funds for his own personal use.

24. As a result of defendant DAVID A. DEBLASIO's material misrepresentations and omissions, M.H. lost approximately \$85,000.

Victim S.R.

25. S.R. was a PNC Bank customer at the Thorndale branch. Defendant DAVID A. DEBLASIO had been her investment broker at the Thorndale branch for several years.

27. On or about November 24, 2003, DAVID DEBLASIO went to S.R.'s home in upstate Pennsylvania. Defendant DEBLASIO told S.R. that he had left PNC to start a new investment business. Defendant DEBLASIO encouraged S.R. to withdraw \$100,000 from her annuity in her PNC brokerage account and invest it with him.

28. At defendant DAVID A. DEBLASIO's request, and in reliance on his statements, S.R. executed a post-dated \$100,000 check drawn on her personal bank account; a promissory note; and a fax request. At the time the documents were executed, S.R. was 80 years old.

29. At no time did defendant DAVID A. DEBLASIO tell S.R. that the withdrawal from the annuity in the PNC brokerage account would result in a penalty of over \$9,000. S.R. would not have made the withdrawal if she knew there was a penalty.

30. On or about November 25, 2003, Defendant DAVID A. DEBLASIO sent a fax to Allstate, purportedly on behalf of S.R., requesting a net of \$100,000 be withdrawn from S.R.'s annuity and wired to her bank account.

31. On or about November 25, 2003, the day after executing the documents, S.R. changed her mind. She went to the bank and put a "stop" payment on the \$100,000 check.

32. On or about December 1, 2003, the \$100,000 check was deposited into the Wachovia account. On or about December 3, 2002, Wachovia Bank reversed the deposit.

33. On or about December 9, 2003, defendant DAVID A. DEBLASIO came to S.R.'s home in upstate Pennsylvania. Once again, defendant DEBLASIO encouraged S.R. to withdraw \$100,000 from her annuity in the PNC brokerage account and invest it with him. In reliance on defendant DEBLASIO's misrepresentations, S.R. agreed to withdraw \$100,000 from her annuity.

34. To ensure that S.R. did not change her mind again, defendant DAVID A. DEBLASIO drafted a fax to Allstate, the holder of S.R.'s annuity, requesting a withdrawal of \$100,000 of S.R.'s funds. On or about December 9, 2003, defendant DEBLASIO sent the fax to Allstate instructing Allstate to send a \$100,000 check to a Wilmington, Delaware address of defendant DEBLASIO's choosing via overnight mail.

35. On or about December 16, 2003, Defendant DAVID A. DEBLASIO caused a \$100,000 check from Allstate, payable to S.R. at the Wilmington, Delaware address, to

be deposited into the Wachovia account. Defendant DEBLASIO kept the funds for his own personal use.

36. As a result of defendant DAVID A. DEBLASIO's material misrepresentations and omissions, S.R. lost approximately \$100,000.

Victim E.B.

37. E.B. was a PNC Bank customer at the Thorndale branch, previously described in paragraphs 12 and 14 of Count One. Defendant DAVID A. DEBLASIO had been E.B.'s investment broker at the Thorndale branch. In addition, defendant DEBLASIO performed personal financial services for E.B.

38. Specifically, when E.B.'s eyesight started to fail and he became legally blind, defendant DAVID A. DEBLASIO volunteered to assist E.B. with drafting checks, reconciling his checkbook, paying bills, and assisting with E.B.'s mail.

39. By 2000, defendant DAVID A. DEBLASIO was visiting E.B.'s home almost every other week to open mail. Defendant DEBLASIO knew that E.B. could not see the contents of the mail and relied on defendant DAVID A. DEBLASIO to tell him about the contents of the mail. In reliance on defendant DEBLASIO's statements, E.B. routinely signed letters and checks drafted by defendant DEBLASIO, purportedly to follow up on the contents of the mail.

40. Defendant DAVID A. DEBLASIO never sought or received compensation for the personal financial services he provided to E.B. Instead, defendant DAVID A. DEBLASIO regularly assured E.B. that they were friends. E.B. never loaned defendant DEBLASIO any amount of money.

41. E.B did not learn that defendant DAVID A. DEBLASIO had left PNC until months after November 2003. However, defendant DEBLASIO continued to visit E.B.'s home to draft checks and open mail.

42. In April 2005, defendant DAVID A. DEBLASIO disparaged E.B.'s current investment holdings, and recommended that E.B. open a new brokerage account with Charles Schwab. Defendant DEBLASIO told E.B. that the purpose of the new Charles Schwab account for E.B. was to get better returns. Defendant DEBLASIO promised to open the new Charles Schwab account on behalf of E.B.

43. On or about April 27, 2005, defendant DAVID A. DEBLASIO drafted a fax request to Glenbrook-Allstate, the holder of E.B.'s annuity, requesting a \$78,000 withdrawal from E.B.'s annuity in the form of a check made payable to Charles Schwab. In reliance on defendant DEBLASIO's misrepresentations that the funds were being withdrawn to open the new Charles Schwab account for E.B., E.B. signed the fax request.

44. On or about May 2, 2005, defendant DAVID A. DEBLASIO deposited the \$78,000 check from Glenbrook-Allstate into defendant DAVID A. DEBLASIO's Charles Schwab account, and then withdrew the funds for his own personal use.

45. On or about May 26, 2005, defendant DAVID A. DEBLASIO telephoned Prudential Financial, purported to be E.B., and requested \$10,000 be withdrawn from E.B.'s annuity. On or about June 2, 2005, defendant DEBLASIO deposited the \$10,000 Prudential Financial check into defendant DEBLASIO's Citizens Bank account, and kept the funds for his own personal use.

46. On or about July 22, 2005, defendant DAVID A. DEBLASIO deposited two Pennsylvania State Pension checks, each in the amount of \$411.66 and payable to E.B., into defendant DEBLASIO's Citizens Bank account. At the time, E.B. believed his pension checks were being directly deposited into E.B.'s bank account and not being mailed to his home.

47. On or about July 26, 2005, after months of E.B.'s questioning defendant DAVID A. DEBLASIO about why he never received statements in the mail from Charles Schwab, defendant DEBLASIO opened a Charles Schwab account in E.B.'s name. The account, which had an account number ending in 236, was funded with E.B.'s funds from his annuities and from PNC. E.B.'s Charles Schwab account was controlled by defendant DEBLASIO.

48. On or about August 31, 2005, without any authorization from E.B., defendant DAVID A. DEBLASIO caused \$12,500 to be wired from E.B.'s Charles Schwab account to defendant DEBLASIO's Citizens Bank account.

49. On or about September 9, 2005, without any authorization from E.B., defendant DAVID A. DEBLASIO caused \$11,000 to be wired from E.B.'s Charles Schwab account to defendant DEBLASIO's Citizens Bank account.

50. As a result of defendant DAVID A. DEBLASIO's material misrepresentations, omissions, and unauthorized transfers, E.B.'s accounts lost approximately \$112,323.

51. On or about the dates set forth below, in the Eastern District of Pennsylvania and elsewhere, defendant

DAVID A. DEBLASIO,

for the purpose of executing the scheme described above, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below, each transmission constituting a separate count:

COUNT	DATE	DESCRIPTION
5.	November 19, 2003	Fax transmission from defendant DAVID A. DEBLASIO in Pennsylvania to Glenbrook-Allstate in Illinois requesting withdrawal of M.H.'s funds via federal wire for \$85,000 to Peoples Bank of Oxford.
6.	November 21, 2003	Funds in the amount of \$84,985 wired from Glenbrook-Allstate in Illinois to M.H.'s account at the People's Bank of Oxford in Pennsylvania.
7.	November 25, 2003	Fax transmission from defendant DAVID A. DEBLASIO in Pennsylvania to Allstate in Illinois requesting the withdrawal of \$100,000 of S.R.'s funds via wire to Jersey Shore Bank in Pennsylvania.
8.	December 9, 2003	Fax transmission from defendant DAVID A. DEBLASIO in Pennsylvania to Allstate in Illinois requesting the withdrawal of \$100,000 of S.R.'s funds via check sent to Wilmington Delaware.
9.	April 27, 2005	Fax transmission from defendant DAVID DEBLASIO in Delaware to Glenbrook-Allstate in Illinois requesting a \$78,000 withdrawal from E.B.'s annuity via a check made payable to Charles Schwab.

COUNT	DATE	DESCRIPTION
10.	August 8, 2005	Fax transmission from defendant DAVID DEBLASIO in Pennsylvania to Glenbrook-Allstate in Illinois requesting a \$65,470 withdrawal from E.B.'s annuity via a wire to E.B.'s PNC Bank account.
11.	August 31, 2005	Funds in the amount of \$12,500 wired from E.B.'s Charles Schwab account, processed in New York to defendant DAVID A. DEBLASIO's Citizens bank account, processed in Rhode Island.
12.	September 9, 2005	Funds in the amount of \$11,000 from E.B.'s Charles Schwab account, processed in New York to defendant DAVID A. DEBLASIO's Citizens bank account, processed in Rhode Island.

All in violation of Title 18, United States Code, Section 1343.

A TRUE BILL:

GRAND JURY FOREPERSON

PATRICK L. MEEHAN
UNITED STATES ATTORNEY